MONTANA Economy at a Glance

DECEMBER 2010

EMPLOYMENT BY INDUSTRY

(Does not include self-employed or agricultural employment)

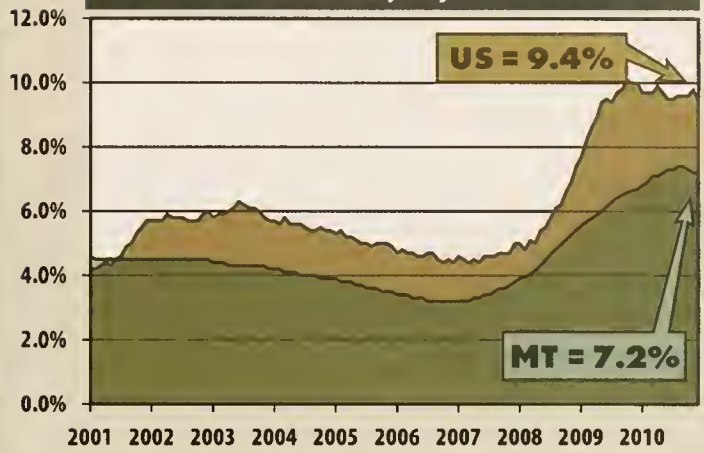
Industry Employment (in thousands)	Dec.(P) 2010	Nov. 2010	Net Change	Percent Change
Total Non-Agricultural	426.0	424.0	2.0	0.5%
Natural Resources & Mining	7.5	7.5	0.0	0.0%
Construction	20.5	21.5	-1.0	-4.7%
Manufacturing	17.9	17.9	0.0	0.0%
Trade, Transportation, & Utilities	89.7	90.3	-0.6	-0.7%
Information	7.3	7.3	0.0	0.0%
Financial Activities	20.5	20.7	-0.2	-1.0%
Professional & Business Services	38.5	37.4	1.1	2.9%
Education & Health Services	62.8	62.0	0.8	1.3%
Leisure & Hospitality	56.8	54.9	1.9	3.5%
Other Services	17.6	17.9	-0.3	-1.7%
Total Government	86.9	86.6	0.3	0.3%

(P) denotes preliminory figures

Montana's seasonally-adjusted, non-agricultural payroll employment grew by 2,000 jobs (+0.5%) from November to December 2010. Leisure and Hospitality saw the largest increase, adding 1,900 jobs (+3.5%). The Construction sector saw the largest loss, with 1,000 fewer jobs (-4.7%) over the month.

UNEMPLOYMENT RATE

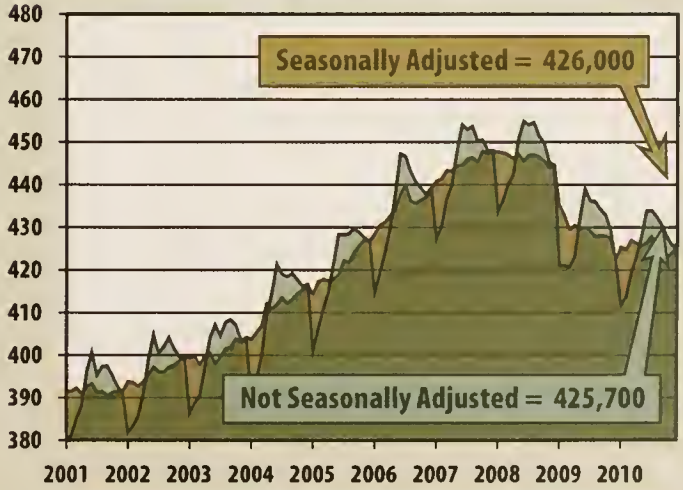
Seasonally Adjusted



Montana's seasonally-adjusted unemployment rate remained stable over the month at 7.2% for December 2010. During the same period, the national unemployment rate dropped from 9.8% to 9.4%.

NON-FARM EMPLOYMENT

In Thousands



Montana Department of Labor and Industry

Research & Analysis BUREAU

Research and Analysis Bureau

"Montana's Workforce Information Center"

Phone: (406) 444-2430 or (800) 541-3904

P.O. Box 1728 Helena, MT 59624-1728

www.ourfactsyourfuture.org

331.11
E10MEG
DEC
2010

Montana State Library
3 0864 1005 8892 3

Too Qualified for Employment?

by Eric Johnson

When someone prepares to make a major purchase, they want to choose an item of the best possible quality for their price range. For instance, given the choice between two vehicles of the same price, most people will buy the one with the most features or the best reputation for reliability. Yet when it comes to hiring, the idea of getting the most bang for your buck is often discarded. The applicant with more education or experience than the position requires is often rejected as being "overqualified."

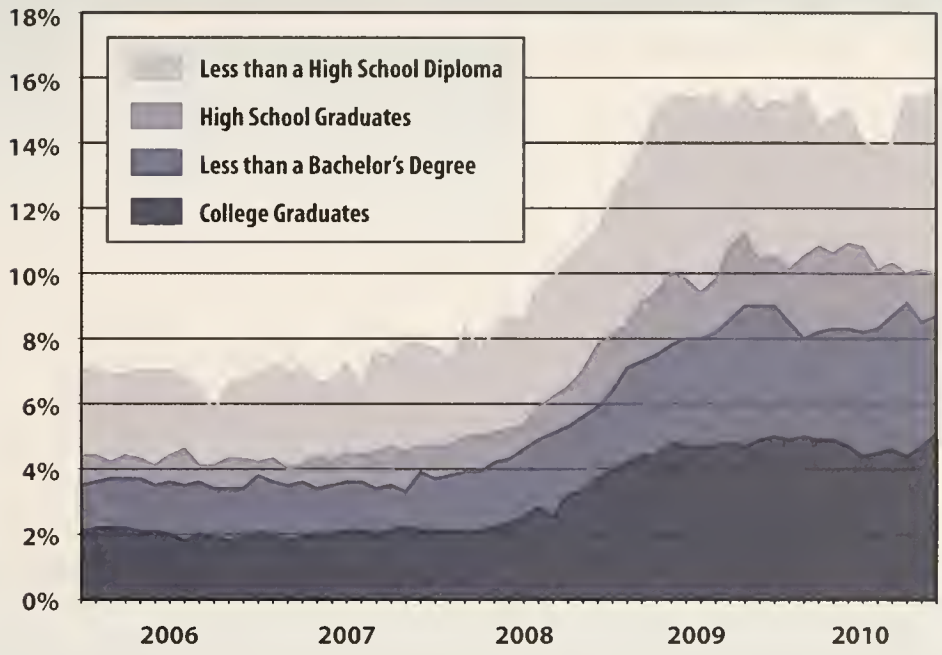
Career consultants have long known about the phenomenon of a worker who is considered overqualified. The recession and the continuing recovery have amplified the phenomenon and brought it into general discussion. A CNN poll in 2009 revealed that 64% of workers laid off in the previous 12-month period had applied for jobs that were below the level of the one they previously held. Given the recession and the continuing recovery, workers at all levels face additional competition for the job positions they apply for. While some may have to change career fields and compete for entry-level positions, some may choose to compete for lower-level positions within their current career field because that's where the most job openings are occurring or because they feel they will face less competition due to their better education or their work experience.

Economists have weighed in on the situation, with some indicating that workers who are overqualified for their jobs are underutilizing their skills, creating a loss for the economy. Further, workers who are qualified for the position, but who have less education or experience, may get frozen out of entry level jobs during periods of high unemployment. The inability to start their careers wastes time that would otherwise be spent gaining skills, delaying the productivity increases that will come in their work careers.

On the other hand, some studies indicate that employers should consider that, in hiring overqualified workers, the business has a pool of ability to immediately draw from when the economy recovers. Recent studies indicate that overqualified workers generally perform better, don't quit any sooner, seem to have stronger work ethics, and are less demanding in the area of salary. Work experience also helps employees develop the skills that matter most in the workplace, the ones there are no shortcuts to acquiring, such as critical thinking, time management, and work ethic.

Why does a person appear to be overqualified? According to Randall S. Hansen, PhD., being overqualified usually involves three factors: 1) too many years of experience; 2) too much education; and 3) too highly paid in the current or previous position[1]. All three types of worker have been evident in the applicant pool over the last several years as workers from all types of occupations and industries and at all levels of education have faced job loss. A sales clerk who worked at the same grocery store for fifteen years may suddenly find he is overqualified for comparable jobs if the store closes or downsizes. A person with a master's degree may find that the openings available are those requiring a bachelor's degree. A person with a long work history who may have earned regular raises is now faced with applying for entry-level positions in a different career field.

Figure 1. U.S. Unemployment Rates by Education Level *(Population 25 years and Older)*



Unemployment affects individuals with all levels of education, although it is generally true that those with higher education levels experience lower levels of unemployment. For example, people without a high school degree are experiencing unemployment levels of about 15%, which is higher than the 10% rate among those with a high school diploma. Those with less than a college degree have a rate of almost 9%, while those with a college degree have the lowest rate at about 5%.

Unemployment also affects people working in all occupational levels within the economy. When we hear of business closures, such as those that occurred at Smurfit Stone Container or Stimson Lumber, we tend to think of the production workers that were laid off. However, businesses are a mix of occupations. Figure 2 illustrates the top 20 occupations with the largest job losses in Montana during the recession, as estimated by the Research and Analysis Bureau, Montana Department of Labor and Industry. With large job losses in Construction and Retail Trade, the occupations of carpenters, construction laborers, and retail salespersons are not surprising. But the list also includes more general occupations, including cashiers, bookkeepers, truck drivers, general managers, and secretaries.

Workers at all levels of experience and education may find themselves labeled as overqualified by employers or hiring committees, but why? If a qualified applicant is desirable, why isn't a more-than-qualified applicant even more desirable? Employers often suspect the motives of job applicants who apply for positions considered "below" their ability level. There are several reasons given for rejecting an overqualified applicant, but mostly these reasons are no more than long-standing myths. Here are some of the most common myths about overqualified workers:

Figure 2: Top 20 Occupations by Jobs Lost During the Recession

Occupation	Jobs Lost	% Lost	Projected Growth	% Growth
Carpenters	2,010	-24%	157	3%
Retail Salespersons	1,398	-7%	490	3%
Construction Laborers	1,066	-21%	137	5%
Cashiers	851	-7%	252	2%
Bookkeeping, Accounting, and Auditing Clerks	697	-6%	341	3%
Truck Drivers, Heavy and Tractor-Trailer	622	-10%	226	4%
Electricians	513	-23%	53	3%
Operating Engineers and Other Construction Equipment Operators	450	-18%	71	3%
Plumbers, Pipefitters, and Steamfitters	445	-21%	44	3%
General and Operations Managers	435	-6%	61	1%
Secretaries, Except Legal, Medical, and Executive	432	-4%	118	1%
Laborers and Freight, Stock, and Material Movers, Hand	371	-8%	68	2%
Waiters and Waitresses	371	-4%	284	3%
First-Line Supervisors/Managers of Construction Trades and Extraction Workers	369	-18%	59	3%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	327	-4%	47	1%
Cement Masons and Concrete Finishers	325	-25%	20	3%
Stock Clerks and Order Fillers	324	-7%	111	3%
Combined Food Preparation and Serving Workers, Including Fast Food	304	-4%	365	4%
Sales Representatives, Wholesale and Manufacturing	287	-9%	140	4%
Landscaping and Groundskeeping Workers	250	-7%	126	4%

Source: QCEW, OES Staffing Patterns, and R&A projections

Myth #1: More experienced, highly educated workers may soon demand a higher salary than the employer wants to pay.

Reality: The labor market is primarilay what determines wages. In the current labor market, high unemployment means that there are more available workers than jobs, giving employers more control over the wages they will offer. Further, a recent study by the University of Connecticut's School of Business indicates that many overqualified workers are less demanding about salary. Often, workers with more experience are older, and don't need to make as much money as they did when their kids were living at home.[2]

Myth #2: Workers with more qualifications will want more authority than the employer wants to give them, and will be difficult to manage.

Reality: Experienced workers may apply for lower-skill level jobs because they no longer want to work in a high-pressure position. While some would read this as an indication that the applicant is burnt-out, more often it means there has been a shifting of priorities. Spending time with family, preferring a certain location, or the pursuit of personal hobbies may be the main motivation to downgrade for workers who feel financially secure enough to not place salary as the number one priority. Even if the applicant is truly interested in moving back up the career ladder, they have an incentive to be highly productive and impress their new employer. This benefits the employer, especially when the time comes to promote and they already have a qualified applicant intimately familiar with their business.

Myth #3: Training is wasted on overqualified workers, because they will become bored and leave as soon as something better comes along.

Reality: While highly-educated workers often have more opportunity when it comes to switching jobs, research indicates that they are no more likely to do so. In fact, a study by the University of South Carolina indicates that employees with high cognitive ability were actually less likely than others to voluntarily leave a job with low cognitive demands.[3]

Employers or hiring authorities are not the only ones responsible for creating myths about the overqualified applicant. Some applicants get labeled as overqualified based on the way they present themselves to potential employers or hiring committees. The "I'll-take-any-job" person leaves the idea that they will be off again as soon as a better job turns up. The person who takes credit for every accomplishment at his or her previous place of employment comes off as too qualified for most other positions. The worker who applies for positions several levels beneath their current position and qualifications can be seen as burned-out or washed-up, if not in some cases as simply too old.

What can a job seeker do if they feel they have been placed into one of these categories? These myths have been around for a while and will be difficult to overcome. Some career consultants suggest that applicants emphasize being "fully-qualified" and steer the process away from the idea of being overqualified.[4] Applicants should stress their potential as mentors or repositories of knowledge. Also, it is suggested that the applicant be the first one to address the situation.[5] Address the issue in a cover letter or during the interview process. In this instance, the applicant controls the issue and tries to shape the perception of the interviewer.

Others suggest developing specific tactics. Applicants should anticipate the possible questions about their application and address them in the cover letter or directly with the human resources office, if possible. Rather than listing job titles, resumes should focus on accomplishments and skills acquired. Applicants should be prepared to show they have kept their skills up-to-date since their last employment, whether through classes through the local education system, volunteer work, membership in professional groups, etc. If the applicant worked for one employer for a long period of time, they should emphasize how their past work tenure demonstrates loyalty to their employer. Also, job seekers should honestly review the way they have presented themselves in past job interviews, and develop a strategy for addressing the traditional responses they've encountered from hiring managers or employers. For those who feel less comfortable being on their own, the Montana Department of Labor and Industry has Job Service offices throughout the state that offer advice and assistance.

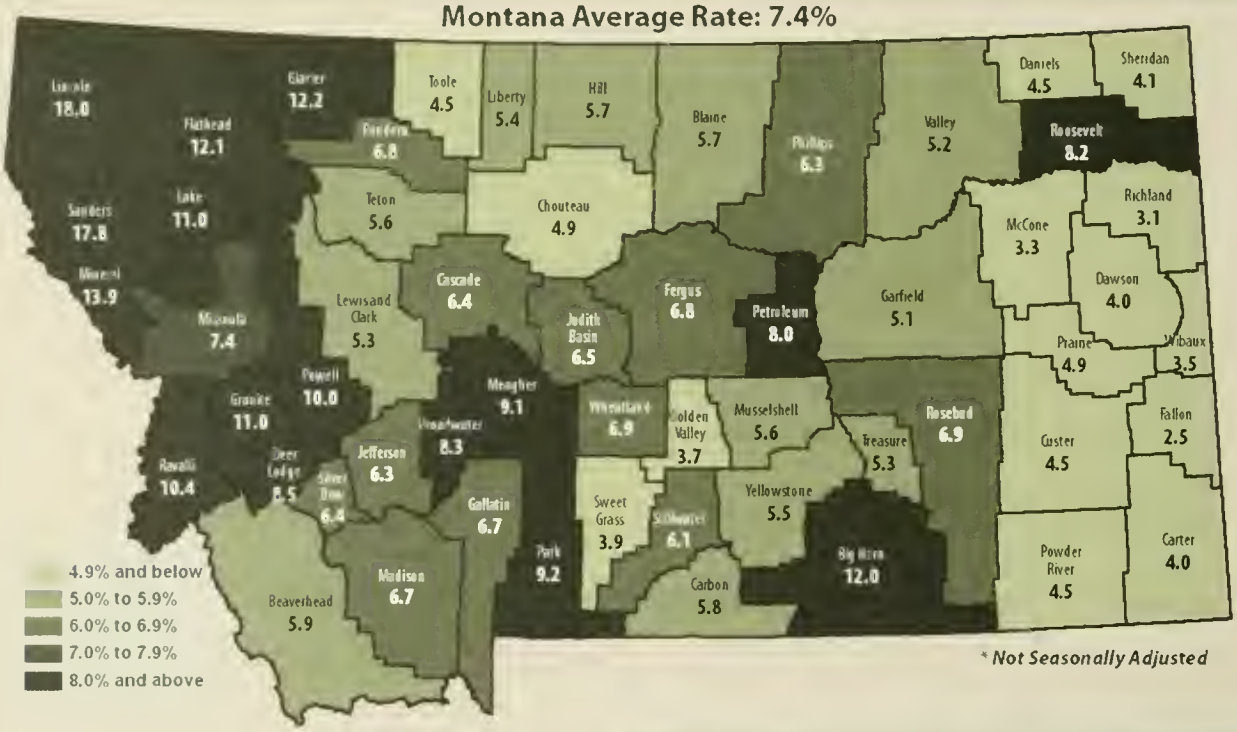
In December of 2010, it was estimated that the average duration of unemployment for workers was a little over 34 weeks. As tough as that journey to finding a new job is, it may be a little tougher for workers who have been labeled as overqualified. It might be that those who are considered overqualified should place one more item in their job hunting kit – the positive approach of being fully qualified.

Works Cited:
[1]*http://www.quintcareers.com/fighting_overqualified_label.html*
[2]*http://www.hartfordbusiness.com/news15496.html*
[3]*http://www.newswise.com/articles/managers-have-wrong-assumptions-about-overqualified-job-candidates*
[4]*http://jobsearch.about.com/od/interviewquestionsanswers/a/overqualified.htm*
[5]*http://www.best-interview-strategies.com/article25.html*

For permission to reprint or cite information contained in this publication, please contact the Research and Analysis Bureau*

MONTANA Economy at a Glance — County Unemployment Rates* - December 2010

Montana Average Rate: 7.4%



** Not Seasonally Adjusted*

MAIL OR E-MAIL? If you would like us to e-mail you a link to this publication on our website each month, e-mail us at: mediacontacts4rad@mt.gov. Please include your mailing address as it appears on this publication and your e-mail address.

2,300 copies of this public document were published at an estimated cost of $0.65 cents per copy, for a total cost of $1,492.00, which includes $1,029.00 for printing and $463.00 for distribution.

Return in 5 days to:
Research & Analysis Bureau
Workforce Services Division
Montana Department of
Labor & Industry
P.O. Box 1728
Helena, MT 59624-1728

Official Business
Penalty for Private Use $300

Research & Analysis BUREAU
Montana Department of Labor and Industry

66107